

## **Financial Compliance - Reviews of Annual Financial Reports**

### **Overview**

Recipients of funding through the Texas Water Development Board are required to provide annual financial reports (AFR) which are audits of financial statements. Statutory requirements exist with regard to audit requirements, and requirements with other creditors may also exist.

Financial Compliance reviews the AFRs for compliance with any applicable covenant requirements. Topics may involve interest and sinking funds, reserve funds, debt service coverage, pledge adequacy, statutory compliance, and any other requirements of the covenants.

The results of reviews may involve formal and informal communications with borrowers on relevant topics.

Ongoing monitoring may occur to assure a return to compliance with covenant requirements.

Kindly direct questions or requests for assistance to us by email, phone, or letter.

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